

Message Text

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INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

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PASS USIA

E.O. 11652: N/A
TAGS: ENRG, OECD
SUBJECT: STATEMENT BY ASSISTANT SECRETARY ENDERS AT THE
ANGLO-AMERICAN PRESS ASSOCIATION IN PARIS 6 FEBRUARY

REF: USOECD 3344

HEREWITH SECOND PART OF ENDERS REMARKS AT THE ANGLO-AMERICAN PRESS ASSOCIATION (SEE REFTEL). THIS IS QUESTION AND ANSWER INCLUDING TWO QUESTIONS IN FRENCH. THIS PORTION NOT REPEAT NOT CLEARED BY MR. ENDERS.

PAUL DOUGLAS, THE TIMES: (QUESTION INAUDIBLE ABOUT FRENCH LIAISON WITH THE IEA). ATTEMPT: DO YOU SEE ANY FORM OF MACHINERY FOR IMPLEMENTING FOR COORDINATING THE CONSUMER ISSUES (?) UNDER THE IEA? IF THERE IS NO OTHER, WHERE DO THE FRENCH COME IN?

A. THERE ARE THREE MECHANISMS FOR COORDINATING POSITIONS BETWEEN THE INTERNATIONAL ENERGY AGENCY AND PARIS. ONE IS BILATERAL LIAISON BETWEEN THE CHAIRMAN OF THE INTERNATIONAL ENERGY AGENCY (STEVIE DAVIGNON) AND THE FRENCH GOVERNMENT. SECOND IS THE EUROPEAN COMMUNITY WHICH HAS AN ARRANGEMENT TO MEET PERIODICALLY ON THIS SUBJECT AND COORDINATE. AND THE THIRD, OF COURSE, IS BILATERAL CONTACTS BETWEEN MEMBERS OF THE AGENCY AND THE FRENCH GOVERNMENT. THIS IS PERHAPS NOT THE MOST TIDY ARRANGEMENT BUT IT SEEMS TO BE A WORKABLE ARRANGEMENT AND TO MEET THE INTERESTS OF THOSE CONCERNED.

Q: FARNSWORTH, NEW YORK TIMES: WHAT OTHER ARGUMENTS BESIDES AN OVER-ALL INCREASE IN SUPPLIES OF OIL WILL UNCLASSIFIED

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YOU USE TO CONVINCE THE COUNTRIES WITH LITTLE ENERGY POTENTIAL TO ACCEPT YOUR IDEA OF A FLOOR PRICE AND TO WHAT EXTENT DO YOU HAVE TO GET AGREEMENT ON A FLOOR PRICE AT THIS MEETING BEFORE GOING INTO THE PRELIMINARY MEETING OF THE PRODUCERS?

A. OUR VIEW OF THIS STATE OF PLAY IS AS FOLLOWS: WE BELIEVE, AS OTHER MEMBERS OF THE AGENCY BELIEVE, THAT WE MUST HAVE A CLEAR CONCEPT AND A CLEAR POLICY

ON THE DEVELOPMENT OF ALTERNATIVE SUPPLIES AS IT
APPLIES TO THE INTERNATIONAL ENERGY AGENCY AS A WHOLE
BEFORE GOING TO THE PREPARATORY MEETING. AND WE THINK
WE CAN DO THAT. WE HAVE PROPOSALS, CONCEPTS DOWN
BEFORE THE GROUP AND IT IS CONCEIVABLE THERE ARE OTHERS.
WE WOULD EXPECT TO HAVE AGREEMENT ON A CONCEPT BEFORE

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AND THEREFORE ON A GENERAL POLICY LINE BEFORE GOING TO THE PREPARATORY MEETING, BUT THAT DOES NOT MEAN THAT EVERY LAST IMPLEMENTING DETAIL OF IT WOULD HAVE TO BE AGREED. UNDOUBTEDLY IT WOULD NOT BE.

Q. (CONTINUED) WHAT OTHER ARGUMENT DO YOU USE BESIDES HOPE OF INCREASE IN SUPPLIES OF OIL TO CONVINCE COUNTRIES THAT DO NOT HAVE ENERGY POTENTIAL TO ACCEPT THE IDEA OF A FLOOR PRICE OR A COMMON TARIFF?

A. THE CONCEPT OF A FLOOR PRICE OR A CONCEPT OF A TARIFF WOULD NOT DENY COUNTRIES THAT HAVE RELATIVELY FEW FOSSIL FUEL RESOURCES THE BENEFIT OF A FALL IN PRICES. THEY WOULD RECEIVE THAT BENEFIT THROUGH THE BALANCE OF PAYMENTS AND THROUGH INCREASED TAXES. WHAT THEY WOULD BE GIVING UP WOULD, RATHER, BE THE OPTION OF INCREASING THE VOLUME OF THEIR CONSUMPTION BY THE MARGIN OF THE PROTECTION THAT WAS GIVEN. SO, IN OTHER WORDS, THIS WOULD BE A PROPOSAL THAT WOULD GIVE OTHER COUNTRIES THE ASSURANCE THAT EFFORTS THAT THEY MAKE TO INCREASE THE BALANCE OF ENERGY IN THE AREAS AS A WHOLE WOULD NOT BE NULLIFIED BY ANY OF THE COUNTRIES IN CASE THEY SHOULD SUCCEED IN THE PRICE REFORM.

Q. (PERSON DID NOT IDENTIFY) QUESTION ABOUT WHAT SMALLER COUNTRIES WOULD BE GETTING OUT OF THIS

A. OH, I THINK THEY GET MUCH MORE BY ADOPTING ONE OR THE OTHER. WHAT THEY GET THEN, IS THE BEST ASSURANCE THAT CAN BE HAD THAT THE ALTERNATIVE SOURCES WILL BE DEVELOPED AT A RATE THAT WILL BE SUCH IN THE EARLIEST POSSIBLE PERIOD THE INTERNATIONAL PRICE FOR OIL WILL FALL. FOR THE COUNTRIES YOU MENTIONED (HE MENTIONED

JAPAN AND DENMARK) WHICH ARE HEAVILY DEPENDENT UPON
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IMPORTED OIL THE DIFFERENCE OF EVEN A DOLLAR IN THE
PRICE OF OIL CAN BE VERY SUBSTANTIAL. THE DIFFERENCE
OF \$2 OR \$3 CAN BE DECISIVE. THAT IS THEIR INTEREST.

Q. MACDOUGALL, BBC LONDON: WHAT HAVE THE REACTIONS
BEEN OF THE OTHER MEMBERS OF THE IEA SO FAR TO YOUR
PROPOSAL?

A. THE DEBATE IS GOING ON, MR. MACDOUGALL, HAS REALLY
STARTED IN THE IEA. I DO NOT PROPOSE TO CARRY ON THE
DEBATE IN PUBLIC HERE BUT I THINK I CAN SAY THAT
OTHER MEMBERS OF THE IEA HAVE BEEN VERY INTERESTED BY
THESE PROPOSALS.

Q. IN YOUR OPENING REMARKS, MR. ENDERS, YOU POINTED
OUT THAT THE MAJOR CAPACITY COUNTRIES FOR DEVELOPING NEW
OIL COULD DO WITH A PRICE OF \$5 OR \$7 AND YOU SET \$10 AS
A MORE-OR-LESS EXOTIC PRICE FOR MORE DIFFICULT AREAS.
AS FAR AS WE CAN TELL THE UNITED STATES HAS CHOSEN
HOWEVER \$10 AS THE PRICE. THAT'S MY FIRST QUESTION?
WHY? RATHER THAN \$7 AND MY SECOND QUESTION IS WHY
TARIFFS? THERE ARE MANY OTHER MECHANISMS AVAILABLE.
TARIFFS IS PERHAPS THE MOST DIFFICULT TO COORDINATE
AMONG A LARGE GROUP OF NATIONS. WHY WAS THAT
PARTICULAR METHOD CHOSEN?

A. THE ANSWER TO YOUR FIRST QUESTION IS THAT THE UNITED
STATES HAS NOT TAKEN ANY POSITION ON PRICE OR ON THE
LEVEL OF A COMMON TARIFF IF THAT WERE TO BE CHOSEN. IN
ANSWER TO YOUR SECOND QUESTION, THERE ARE TWO DEVICES
THAT HAVE BEEN PUT FORWARD BY THE UNITED STATES: ONE
IS A TARIFF, THE OTHER IS THE CONCEPT OF A FLOOR PRICE
TO BE IMPLEMENTED BY EACH COUNTRY'S METHOD OF ITS OWN
CHOOSING. SECRETARY KISSINGER CITED AMONG THOSE
MECHANISMS IMPORT QUOTAS, VARIABLE LEVIES, OR TARIFFS.
THERE ARE MANY WAYS A COUNTRY COULD DO IT. IN FACT IT
IS EVEN CONCEIVABLE THEY COULD DO IT BY IMPORTING THROUGH
A STATE TRADING ORGANIZATION OR OIL COMPANIES WHICH THEY
MIGHT HAVE. SO THERE WOULD BE A LARGE MEASURE OF FLEXI-
BILITY THERE.

FARNSWORTH: IT DOESN'T ANSWER THE QUESTION WHY THE
UNITED STATES CHOSE TARIFFS FOR ITSELF.

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A. OH, FOR ITSELF, I BEG YOUR PARDON. PRESIDENT FORD
HAS USED HIS ADMINISTRATIVE POWERS TO IMPOSE AN IMPORT
FEE THAT WILL RISE A DOLLAR EACH MONTH FOR THE THREE
MONTHS BEGINNING FEBRUARY L. THIS IS DESIGNED TO BE A
TEMPORARY MEASURE WHICH IS TO BE SUBSTITUTED BY A
PROPOSAL HE HAS MADE FOR AN EXISE TAX ON ALL OIL
DOMESTICALLY PRODUCED AND IMPORTED.

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FIRST FRENCH QUESTION:

AU SUJET DU MALENTENDU SUR VOS DECLARATIONS D'HIER SOIR,
JE VOUDRAIT SAVOIR SI LES PROPOSITIONS D'HENRY KISSINGER
QUE VOUS AVEZ PRESENTEES CONSTITUENT OU NON UN PREALABLE
A LA CONFERENCE PREPARATOIRE PROPOSEE PAR MONSIEUR
GISCARD D'ESTAING?

A. CE QUI CONSTITUE POUR NOUS UN PREALABLE A LA CON-
FERENCE PREPARATOIRE PROPOSEE PAR LA FRANCE EST UN
ACCORD DE PRINCIPE DES PAYS CONSOMMATEURS REPRESENTES
DANS L'AGENCE SUR LE DEVELOPPEMENT DES SOURCES DE
SUBSTITUTION. NOUS AVONS FAIT NOUS MEMES DES PROPOSI-
TIONS QUI POURRAIENT SERVIR DE BASE A CET ACCORD-LA
MAIS JE NE VOUDRAIS PAS VOUS DONNER L'IMPRESSION QUE
TELLE OU TELLE AUTRE PROPOSITION FAITE PAR NOUS OU PAR
DES AUTRES CONSTITUE EN ELLE-MEME UN PREALABLE. CE QUI
EST NECESSAIRE C'EST LA POLITIQUE GENERALE ET UNE ACTION
DECISIVE DE LA PART DE L'AGENCE.

Q. (NAME OF REPORTER INAUDIBLE) YOU MENTIONED THE MAR-
TINIQUE MEETING. DID THE SECRETARY, KISSINGER, SPELL
OUT TO THE FRENCH PRESIDENT THIS IDEA OF HIS DURING THAT
MEETING AND WHAT WAS THE FRENCH PRESIDENT'S REACTION AT
THAT TIME?

A. I WAS NOT PRESENT. I CANNOT ANSWER THAT QUESTION.
I THINK THERE IS NO QUESTION AT ALL THAT THERE WERE
DISCUSSIONS OF THAT TYPE ABOUT THE SUBSTANCE OF THE ISSUE
THE DEVELOPMENT OF ALTERNATIVE SUPPLIES. I WOULD DOUBT

THAT THE DETAILS OF HOW THEY COULD BE DEVELOPED OR ON
WHAT BASIS WERE DISCUSSED.

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Q. (INAUDIBLE ON FINANCING THE KISSINGER PROPOSALS)

A. WELL, THERE ARE TWO SORTS OF PROPOSALS MADE BY THE
SECRETARY KISSINGER HERE. ONE IS A PROPOSAL FOR - IN
EFFECT A COMMON POLICY ON THE WAY IN WHICH IMPORTS CAN
BE PRICED IN OUR ECONOMIES NOT ON THE WAY IN WHICH THEY
WOULD BE PRICED AT THE BORDER, LET ME INSIST AGAIN. THE
OTHER IS AN OFFER - A PROPOSAL - OF TWO CONSORTIA WHICH
WOULD PERMIT COUNTRIES TO PARTICIPATE IN EACH OTHERS
RESEARCH AND DEVELOPMENT AND SYNTHETIC FUELS PROGRAMS.
QUITE CLEARLY, THOSE COUNTRIES THAT POSSESS ENERGY
OPPORTUNITIES WILL WISH TO DEVELOP THEM THEMSELVES ON A
LARGE SCALE. THIS WILL REQUIRE ENORMOUS AMOUNTS OF
CAPITAL. WE SHOULD CREATE A SYSTEM IN WHICH OTHER
INTERESTED PARTIES CAN PARTICIPATE IN THAT DEVELOPMENT
ON A BASIS TO BE AGREED. BUT IT WOULD NOT BE FAIR, I
THINK, OR HAS NOT BEEN SUGGESTED THAT THERE SHOULD BE A
REQUIREMENT WITHIN THE AGENCY FOR VERY LARGE SUMS OF
FINANCIAL AID FROM OTHER COUNTRIES.

QUESTIONS CONTINUES UNINTELLIGIBLE

A. WELL, THE UNITED STATES HAS SOME IMPORTANT OPPORTUN-
ITIES TO DEVELOP ALTERNATIVE ENERGY RESOURCES BUT OTHER
COUNTRIES HAVE VERY IMPORTANT ONES AS WELL INCLUDING
MANY EUROPEAN COUNTRIES.

Q. MONSIEUR LE MINISTRE, DEPUIS LE SOMMET DE LA
MARTINIQUE, LA FRANCE PARTICIPE-T-ELLE PLUS A LA CON-
CERTATION ENTRE LES PAYS CONSOMMATEURS?

A. LA FRANCE A COORDONNE SA POLITIQUE EN LIAISON AVEC
L'AGENCE A TRAVERS SON PRESIDENT LE VICOMTE DAVIGNON.

Q. MICHAEL BROWN, LONDON DAILY EXPRESS: WE WERE JUST
TALKING ABOUT NORTH SEA OIL JUST RECENTLY. IS THERE A
QUESTION OF AMERICA, PERHAPS OTHER COUNTRIES ALSO,
PUTTING MONEY INTO GETTING OIL OUT OF THE NORTH SEA?

A. A NUMBER OF AMERICAN COMPANIES ARE, AND OTHER FOREIGN
COUNTRIES, ARE PARTICIPATING IN EXPLOITATION OF NORTH
SEA OIL. THE TERMS AND BASIS OF THAT EXPLORATION AND
PRODUCTION ARE DETERMINED BY THE UNITED KINGDOM, THAT
RECENTLY PUT FORWARD A FULL POLICY STATEMENT ON THIS
ISSUE. BUT THERE IS A LARGER POINT, I THINK, AND THAT
IS THAT ALL ACTIVITY TO DISCOVER AND PRODUCE OIL IS
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INHERENTLY RISKY, THAT THERE ARE TWO SORTS OF RISK NOW;
ONE IS THE RISK OF FAILURE IN DISCOVERY, THE OTHER IS
SOME VERY RAPID CHANGES IN COST OF PRODUCTION AND THAT
TO THE DEGREE THAT THERE WERE A GENERAL LEVEL OF PRICE
STABILITY IN THE WORLD, THIS WOULD CLEARLY REDUCE THE
RISKS OF EXPLORATION AND ENCOURAGE EXPLORATION AND PRO-
DUCTION.

Q. PIERRE SALINGER OF THE EXPRESS: I WOULD LIKE TO TIE
UP LOSE ENDS HERE. YOU HAVE SAID NOW, SEVERAL TIMES
HERE BOTH IN ENGLISH AND IN FRENCH, THAT A PRE-REQUISITE
TO THE PRE-CONFERENCE IS AN UNDERSTANDING AMONG THE

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TO SECSTATE WASH DC 5371

INFO AMEMBASSY ANKARA

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CONSUMERS ON ALTERNATE SOURCES, THE DEVELOPMENT OF ALTERNATE SOURCES. IS NOT THE SUBJECT OF A FLOOR PRICE OR A TARIFF AN INTEGRAL PART OF THE SUBJECT OF ALTERNATE SOURCES, AND THEREFORE ARE YOU NOT IN EFFECT SAYING THAT YOU HAVE TO HAVE AN AGREEMENT ON THIS SUBJECT OF PRICING AT THE SAME TIME AS THE ALTERNATE SOURCES BEFORE YOU GO TO THE PRE-CONFERENCE?

A. WHAT I'M SAYING IS THAT WE HAVE TO HAVE AN OVER-ALL POLICY ON THE DEVELOPMENT ALTERNATIVE SOURCES AND WE HAVE PUT FORWARD PROPOSALS ON WHICH SUCH A POLICY COULD BE BASED. I AM NOT SAYING AT THIS TIME THAT ANY DETAIL OR PART OF THOSE POLICIES WOULD NECESSARILY HAVE TO BE FINISHED BY THE TIME OF THE CONFERENCE AND WE WILL HAVE TO REMAIN THE JUDGES OF THAT IN THE GROUP AS A WHOLE, NOT ONLY THE UNITED STATES BUT OTHER MEMBERS.

Q. MR. GOLDSMITH, ASSOCIATED PRESS: DOES THE OPEC COUNTRIES (INAUDIBLE DUE TO SHUFFLING OF DISHES). INAUDABLE ABOUT OPEC SUMMIT.

A. DR. KISSINGER MADE CLEAR, HAS MADE CLEAR ON A FEW OCCASIONS AND MOST RECENTLY LAST MONDAY, THAT IN A CONTEXT OF A SUBSTANTIALLY LOWER OIL PRICE AGREED INTERNATIONALLY WITH ASSURANCE OF SUPPLY THAT THE UNITED STATES WOULD NOT NECESSARILY EXCLUDE THE DISCUSSION OR CONTEMPLATION OF SUCH AN OFFER. HOWEVER, THERE IS NO POSITIVE VIEW TO IT.

Q. FLORA LEWIS, NY TIMES: JUST TO ELABORATE ON THAT QUESTION, THE MAJOR DEMAND OF THE PRODUCERS IS NOT

REALLY PRICE, ITS MONETARY STABILITY, WHEREAS THE PRICE STABILITY (INAUDIBLE) WHICH IS OBVIOUSLY WHAT THEY MEAN BY INDEXING. DOES THE UNITED STATES HAVE ANY POSITION AT THIS POINT OF RESPONDING TO THEIR REQUEST FOR SOME UNCLASSIFIED

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KIND OF GUARANTEE ON MONETARY INTERESTS?

A. I AM GLAD YOU BROUGHT THAT UP BECAUSE I THINK THERE IS A DISTINCTION. WHEN THE WORD INDEXING IS USED, IT IS SOMETIMES USED IN INDEXING OIL PRICES AS AGAINST SOME COMMODITIES. IT IS SOMETIMES USED TO MEAN INDEXING SECURITIES AND ASSETS. I DO NOT MEAN TO SUGGEST THAT OR DID DR. KISSINGER MEAN TO SUGGEST THAT. Q. INAUDIBLE ON OPEC INTERESTS.

A. I THINK THE INTEREST OF THE PRODUCING COUNTRIES ARE CLEAR. OBVIOUSLY THEY HAVE CHANGED, OR REVOLUTIONIZED THEIR INCOME POSITION WITHIN THE COURSE OF THE LAST 16 MONTHS. BEFORE THE CRISIS THEY WERE EARNING 23 BILLION, NOW THEY ARE EARNING 110 BILLION AT AN ANNUAL RATE, AND THEY HAVE EVERY INTEREST OF NOT ONLY HANGING ON TO THAT, THEY ARE TRYING TO PROTECT IT AGAINST AN EVENTUAL INFLATION. I THINK IT WOULD BE TRANSPARENT THAT THAT IS THEIR MAXIMUM INTEREST. WHETHER THERE IS A SUSTAINABLE POSITION OVER A TIME AND WHETHER IT IS IN THEIR LONG-TERM INTERESTS GIVEN THE INSTABILITY THAT PUTS INTO THE WORLD SYSTEM IS ANOTHER QUESTION.

Q. WE SEEM TO HAVE THE SAME PROBLEMS WITH RAW MATERIALS IN LESS DEVELOPED COUNTRIES, AS SOME HAVE AND SOME HAVE NOT. WHAT IS YOUR POSITION ON THIS?

A. I THINK IT WOULD BE A NATURAL POLICY FOR THOSE COUNTRIES THAT HAD BENEFITED FROM A CARTEL TO SEEK PROTECTION BY MAKING IT A LEGITIMATE AND GENERAL MEANS OF INTERNATIONAL BEHAVIOR BUT WE WOULD NOT SUPPORT THAT.

Q. THE NEXT 3 QUESTIONS WILL BE BY ANSINGTON, BERNARD KAPLAN AND BILL STEIFF. ANSINGTON (DAILY TELEGRAPH): YOU SAID THAT, JUST NOW, IT WAS NOT NECESSARY THAT DETAILS BE MADE ON PROPOSALS OF ALTERNATE SOURCES NEEDED TO BE FIRMED UP, YOU SAID THEN AT THE TIME OF THE CONFERENCE, I THINK, THE QUESTION THAT WAS MADE WAS THAT IT HAD TO BE FIRMED UP BEFORE THE PREPARATORY MEETING?

A. LET ME SAY IT AGAIN, SINCE IT SEEMS TO HAVE SOME PROBLEM GETTING ACROSS. I AM NOT GOING TO INDICATE THAT WE DO NOT HAVE A VIEW AND THE AGENCY HAS NOT TAKEN A VIEW ON THE DETAILS OF THE POLICY OF ALTERNATIVE SOURCES AS IT MUST BE REACHED BEFORE THE GROUP GOES TO THE PREPARATORY CONFERENCE. BUT I REMAIN ON THE POSITION

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AND IT IS A POSITION OF THE AGENCY COUNTRIES THAT THERE
MUST BE A POLICY AND IMPORTANT DECISIONS ON SUCH A
POLICY BEFORE GOING TO THE CONFERENCE.

Q. (MISS ANSINGTON STILL) THE SECOND BIT OF THAT
QUESTION IS THAT YOU INDICATED THAT THE UNITED STATES
STILL CONSIDERS IT POSSIBLE THAT THE PREPARATORY
MEETING MIGHT TAKE PLACE IN MARCH.

A. THAT WOULD BE OUR HOPE.

Q. MISS ANSINGTON CONTINUING: I THINK THE ORIGINAL
HOPEFUL DATE FOR THE CONFERENCE ITSELF WAS SUPPOSED TO

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BE THIS COMING SUMMER. DOES THAT STILL SOUND POSSIBLE
TO THE UNITED STATES?

A. WELL, THAT IS A MATTER TO BE DISCUSSED AT THE PREPAR-
ATORY MEETING AND HOW MUCH PREPARATION AND COORDINATION
IS REQUIRED, BUT CERTAINLY THAT DOES NOT STRIKE
US AS AN UNREASONABLE POSSIBILITY.

Q. WHY DO WE NOT GO ALONG WITH AN IMMEDIATE CUT ON
OIL PRICES?

A. DR. KISSINGER AND OTHERS DO NOT SEE ANY OBJECTIVE
IMMEDIATE POSSIBILITY OF OBTAINING AN IMMEDIATE CUT IN OIL
PRICES. THE REASON FOR THAT IS THAT THE BALANCE OF
MARKET POWER IS MUCH, TOO MUCH, IN FAVOR OF THE PRO-
DUCER AND THERE IS NO WAY IN WHICH WE HAVE TO INFLUENCE
THAT MARKET POWER IN IMMEDIATE TERMS IN A DECISIVE
MANNER. WE CAN START GOING IN THAT DIRECTION BY CON-
SERVATION, AND WE CAN GO MUCH FURTHER BY THE DEVELOP-
MENT OF ALTERNATIVE SUPPLIES. WHAT DR. KISSINGER IS
SAYING IS IF YOU WANT A CUT IN PRICE, AS WE ALL DO, WE
BELIEVE WE MUST HAVE, FOR THE FUTURE HEALTH OF OUR
ECONOMY, THE WAY TO OBTAIN IT IS SHIFTING
THE MARKET POWER, BUT THAT WILL TAKE TIME.

Q. (UNKNOWN QUESTIONER) AND WHAT IS THE DOLLAR PRICE?

A. YOU ARE NOT GOING TO GET ME NAILED DOWN ON A FIGURE.

Q. BILL STEIFF: MR. ENDERS, IS IT TRUE THAT MOST EURO-PEANS HAVE GONE MUCH FURTHER ON CONSERVATION THAN THE UNITED STATES AND ISN'T IT TRUE THERE IS A GREAT QUESTION IN THE UNITED STATES WHETHER THE AMERICAN GOVERNMENT CAN COMPEL THE CONSERVATION PLAN TO CONGRESS? IF IT DOESN'T FOLLOW THAT PLAN, ISN'T IT POSSIBLE YOUR EDIFICE WILL CRUMBLE?

A. THE METHOD OF CONSERVATION, WHETHER IT IS TO BE QUANTITATIVE RESTRICTIONS, AS PROPOSED BY MANY PEOPLE
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IN THE CONGRESS' OR WHETHER IT IS TO BE TAXATION AS PROPOSED BY PRESIDENT FORD IS A HIGHLY CONTROVERSIAL MATTER. I THINK THE GOAL OF CONSERVATION IS A FAR LESS CONTROVERSIAL MATTER AND, AS I HAVE SAID BEFORE, THE PRESIDENT HAS INDICATED HE WILL USE HIS ADMINISTRATIVE POWERS, IF NECESSARY, IF HIS OTHER PROPOSALS ARE NOT IMPLEMENTED FOR THIS PURPOSE.

Q. STEIFF, STILL QUESTIONING: IS IT LIKELY THAT CONGRESS WILL TAKE THOSE AWAY?

A. I THINK UNLIKELY GIVEN VIEW OF CONGRESS THAT CONSERVATION SHOULD ALSO BE MADE AND GIVEN THE VIEW OF MANY PEOPLE IN CONGRESS THAT IS THE RIGHT WAY TO DO IT.

LAST QUESTION:

Q. MIKE CONDON, ECONOMIST: DOES THE UNITED STATES BELIEVE THE PRICE OF OIL IN EASTERN COUNTRIES SHOULD MOVE BACKWARDS AND FORWARDS ACCORDING TO SUPPLY AND DEMAND WHILE CONSUMER COUNTRIES HAVE A FIXED PRICE USING TARIFFS OR WHAT HAVE YOU, OR DO THEY THINK IT A GOOD THING FOR THE FIXED BASIC PRICE TO APPLY TO THE PRODUCER AS WELL AS TO THE CONSUMER?

A. WE SEE TWO OPTIONS. ONE IS TO TRY TO CREATE STABILITY IN THE OVERALL SYSTEM BY REACHING AGREEMENT BETWEEN PRODUCERS AND CONSUMERS ON A SINGLE SMALL RANGE OF EQUILIBRIUM PRICES, AT WHICH THE ESSENTIAL OBJECTIVES OF BOTH SIDES COULD BE MET. ON THE SIDE OF THE CONSUMERS TO HAVE LESS INDEPENDENCE, AND OF COURSE, SUBSTANTIALLY LESS PRICES THAN NOW. ON THE SIDE OF PRODUCERS TO HAVE AN INCOME THAT IS SUBSTANTIALLY HIGHER THAN THE ONE THEY HAVE HAD IN THE PAST. HOWEVER, IF THIS IS NOT POSSIBLE, I WOULD THINK THAT BOTH PRODUCERS AND CONSUMERS WOULD HAVE A VERY REAL INTEREST IN AVOIDING THE ENORMOUS ONE MIGHT SAY, THE ROLLER-COASTER-LIKE

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ACTION EUR-12

INFO OCT-01 EA-10 IO-10 ISO-00 AID-05 CEA-01 CIAE-00

COME-00 EB-07 FRB-01 INR-07 NEA-09 NSAE-00 RSC-01

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PM-03 SAM-01 OES-05 SS-15 STR-04 PA-02 PRS-01 USIA-15

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INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

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FLUCTUATIONS IN PRICE THAT HAVE OCCURRED IN THE PAST AND WHICH MAY OCCUR AGAIN IN THE FUTURE. UP TO SIXTEEN MONTHS AGO, THE PRICE IN OIL WAS TWO OR THREE DOLLARS A BARREL. IT'S NOW, LANDED IN EUROPE, UP AROUND ELEVEN DOLLARS AND FIFTY CENTS IF IT IN FACT STAYS AT THAT LEVEL INDEFINITELY AND THERE IS NO AGREEMENT TO LOWER IT THEN AT SOME POINT SO MUCH SHIFT IN THE MARKET BALANCE WILL OCCUR AS A RESULT OF CONSERVATION AND AS A RESULT OF ALTERNATIVE SUPPLIES COMING ON THAT IT WILL COME CRASHING DOWN AGAIN AND THEN THERE WILL BE A NEW PERIOD IN WHICH THE CONSUMING COUNTRIES TEND TO BECOME MORE AND MORE DEPENDENT UPON IT FOLLOWED BY A NEW CYCLE OF VULNERABILITY AND ULTIMATELY HIGHER PRICES AGAIN. I CANNOT SEE THAT THIS KIND OF CYCLE IS IN THE INTERESTS OF EITHER SIDE.

Q. GOLDSBOROUGH: IS IT POSSIBLE THAT IF NO UNANIMOUS DECISION IS REACHED ON THE KISSINGER PROPOSAL BY THE AGENCY THAT WEIGHTED VOTING PROCEDURES WOULD BE USED?

A. WEIGHTED VOTING PROCEDURES APPLY ONLY TO MATTERS THAT CONCERN THE SUBJECTS THAT HAVE BEEN TREATED IN THE AGREEMENT, AS SUCH. ALL NEW COMMITMENTS ARE SUBJECT TO UNANIMITY. A NEW COMMITMENT WOULD BE ANY ON CONSERVATION OR ON SPECIFIC NUMERICAL COMMITMENTS ON ALTERNATIVE SUPPLIES WOULD BE A NEW COMMITMENT.

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